that Mann, traveling in Europe at the very same time, should not have been aware of these "allegations." For instance, the Berlin Communist paper, *BZ am Abend*, reprinted the complete interview on May 23. The German Communist press service, DPA, quoted from *Les Lettres Françaises* and commented:

> Thus Thomas Mann publicly acknowledged . . . during his stay in Paris that he had put his signature on the Stockholm Appeal to ban the atom bomb. . . .

But by far the most devastating blow to Thomas Mann's "denial" was the reproduction by the French Communist press of his original signature on the official sheet of the World Committee of Partisans of Peace for the Absolute Prohibition of Atomic Weapons. Special leaflets bearing Mann's signature were circulated in France in order to get other signatures for the Stockholm Appeal (see photostatic copy reproduced with this article). The Berlin anti-Communist daily, *Tages-Spiegel*, on December 17 commented ironically that perhaps Thomas Mann had given his signature under the impression that he was dealing with innocent autograph hunters.

So much for Thomas Mann's "denial" number one. Now, let's look at his "denial" number two. On November 18, 1950, the German Communist paper, *Neues Deutschland*, reported that Thomas Mann had been elected to the presidium of the Second World Peace Congress in Warsaw. The next day, obviously to refute the story, which was embarrassing to him at that time, Thomas Mann issued a statement to the effect that he had nothing whatsoever to do with the Communist World Peace Congress. An Associated Press dispatch dated November 19 carried the following report:

> Thomas Mann denied energetically maintaining any relation with the Second World Peace Congress. He declared that he did not want to be associated in any way with the 'peace congress,' but rather to serve the cause of peace itself without connection with any 'foreign group,' whose propaganda hurts the idea of peace more than it helps it.

At first glance this statement gave the impression that Thomas Mann had finally seen the light. Unfortunately for Mann, however, there is documentary evidence to the contrary in a letter written by him in November 1950 to Professor Frédéric Joliot-Curie, president of the World Peace Congress. *L'Humanité*, official daily of the French Communist Party, published excerpts from this letter on November 15, 1950 on its special page devoted to the opening of the Warsaw meeting. Thomas Mann wrote to Joliot-Curie:

> I received your letter as well as the motion addressed to the Security Council of the Office of the World Committee of the Partisans of Peace, and I can not but express to you and to your co-workers my sympathy and my respect for your noble efforts to save the peace. In this undertaking you have allies throughout the world, and certainly in America, too, because the American people do not want war. There is a strong opposition [to it] from intellectuals, clergymen, scientists and writers. They fight the influence of those groups who, mistakenly, steer toward a war that will see no victor. The President [of the U. S.] receives a flood of letters and wires asking him to use every means to bring about an agreement with the Soviet Union.

It should be noted that this letter of praise was written at a time when reports from London about the British Government's objections to the meeting of the World Peace Congress in Sheffield were carried on the front pages of the American press. If Thomas Mann really had intended to refute any connection with the World Peace Congress, he could have written Joliot-Curie to this effect. Instead, the novelist preferred to express his "sympathy" and "respect" for the work of an undisputed instrument of Stalinist propaganda.

In a series of lectures delivered last summer in his native German in Zurich, Stockholm and other European cities, as well as in New York City, Thomas Mann proclaimed "humanistic communism" as his answer to the world's ills. He wanted the United States to take the initiative for a universal peace conference which, in the national interests of all peoples, would devise a plan for an over-all financing of peace, for a consolidation of all economic forces of all peoples, and for a just distribution of the world's goods. Such "humanistic communism" would outdo inhuman communism, in his opinion. If Moscow should reject participation in such world planning, if the Soviets should exclude themselves in their national egotism, only then but not before would Dr. Mann be ready to agree that Soviet Russia doesn't want peace! Even after the aggression in Korea, as late as August 23, 1950, in a lecture at the Yale Library in New Haven, he said he "did not think that Russia was preparing for war."

Nobody will deny or minimize Thomas Mann's stature as a novelist, but his political record as signer and endorser of pro-Communist statements, and as spokesman for fellow-traveling and Communist organizations and causes is a sorry testimony to the irresponsibility of a world-famous writer, whose behavior in these troubled times is of great propaganda value to the Kremlin.

What else is it when *Pravda* stresses Mann's condemnation of the Atlantic Pact; when the German Red bosses, Wilhelm Pieck and Otto Grotewohl, hail him as "intrepid fighter against warmongering and against anti-Bolshevism"; when East German Communist trade unions greet him as "brother-in-arms, a living protest against Americanism, boogie-woogiedom and cultural barbarism"?

It would have been wiser for Thomas Mann to keep out of politics. But as he obviously feels it his duty to send political messages, to sign political appeals, to endorse political causes, a few pertinent questions are in order:

Have you taken a definite stand on Korea?

Have you condemned Chinese Communist aggression?

Have you ever spoken out against Soviet slave labor camps?

Have you endorsed the anti-Communist Berlin Congress for Cultural Freedom?

Have you ever said a word about the brutal behavior of the Soviet representatives in the United Nations?

Have you ever protested against the loss of freedom of millions of non-Soviet citizens in the satellite countries?

Have you ever raised your voice against the religious persecutions behind the Iron Curtain?

Do you still believe that "anti-Bolshevism is the fundamental folly of our time"?

LABOR SHOULD FAVOR HIGH PROFITS

By HAROLD LOEB

THE RECORD is clear. Wages and profits rise and fall together. Both wages and profits reached a peak in 1929. By 1932 profit had fallen until it was negative, losses exceeding profits. The wage bill, too, had dropped to the lowest level in many years. Profits and wages rose thereafter until 1937 when they both fell back, to recover under the impetus of war spending as the decade ended. In the 1940s, after rising during the war and postwar period, both profits and wages fell slightly as employment declined in 1949. It appears that wages are highest when profits are highest, and are lowest at such times as profit disappears. The two quantities vary directly.

In view of this relationship, labor union officials might reasonably be expected to favor higher profits since high wages are achieved only when profits are high, too. Yet hardly a day passes without some labor spokesman decrying the enormity of corporation profits and demanding that the government do something about it. What lies behind the opposition of such leaders to what apparently is in the interest of their membership?

Anti-profit sentiment probably stems from an error which was first presented in scholarly fashion by David Ricardo. In the 1876 edition of his works[1] it is stated: "There can be no rise in the value of labor without a fall in profits." Or, if that is not clear enough: "Profits would be high or low in proportion as wages were low or high." He thought that a shift in the price level would not disturb this relationship, for he wrote: "But if it were otherwise, if the price of commodities were permanently raised by high wages, the proposition would not less be true which asserts that high wages invariably effect the employers of labor, by depriving them of a portion of their profits."

Thus Ricardo suggested the class war thesis before Marx. For if profits fell when wages rose, and wages fell when profits rose, society would be divided inexorably into two classes with conflicting interests.

It might be asked how so sharp a thinker could commit so egregious an error, an error which is exposed by every statistic. The answer is that statistics were fragmentary in the nineteenth century and that economists seldom checked their logic by referring to the recorded facts. Obviously this excuse no longer applies, yet the error goes on acquiring momentum during the years.

Marx picked it up a few decades after Ricardo put it down. He combined Ricardo's inverse relationship of wages and profits with Ricardo's iron law:

> The natural price of labor is that price which is necessary to enable the laborers, one with another, to subsist and to perpetuate their race, without either increase or diminution.

If workers were paid only that minimum needed to keep them proliferating, and if wages varied inversely with profits, the increment of wealth made available by the advance in technology could be released only in the form of profit. But how, asked Marx, could the relatively small class who received profit expend their ever-increasing income? Obviously they would have difficulty. So Marx predicted the imminent collapse of the capitalist system because it could neither distribute the wealth it produced, nor prevent the impoverishment of the workers. And his followers continue to accept his analysis although wages have risen far above the subsistence level, and profits have increased instead of diminishing as wages rose.

In a sense, therefore, it may be said that Americans are dying in Korea because long-dead theorists failed to check their deductions against the observable facts.

However, none of this explains why Mr. Murray and Mr. Green, and the many Congressmen who sponsored the excess-profit tax believe that they are aiding labor and enhancing the general welfare by striking at profit. Few of them would admit to being Marxists, or even Ricardians. Yet unless one accepts these exploded theories, there is no visible reason for attacking profit, a relatively minor income source quantitatively, though most important functionally, when the need is to extract money from the spending stream and thus pay for the defense effort, and prevent or at least retard inflation.

Before considering what impact this anti-profit bias may have on the defense economy, it is useful to indicate the nature of Ricardo's error. Ricardo simply left a relevant possibility out of his demand-supply equation. His argument assumes that production is constant. If that were so, an increase of one group's income would have to come out of the receipts of another group. But production is not constant. Not only has there been a long-trend increase averaging some 2½ to 3 per cent a year in the United States, but also there have been short-term increases and decreases known as the business cycle.

If production should increase in any time period, then all income sources not only could, but would, share in the increase. The reason is that in a free system higher wages increase sales, and higher sales send profits up. Similarly higher profits stimulate capital formation which raises employment and the total wage bill, which in turn induces employment to bid up the price (wage) of labor. Thus the two reciprocally related quantities, as the statistics demonstrate, vary directly and *not inversely*.

The anti-profit bias is likely to hinder in several ways our struggle to survive. In the first place the delusion that the cost of defense can be paid largely out of profits, conceals the necessity of cutting down the consumption of consumers' goods. So labor unions continue to demand and sometimes to obtain higher monetary wages, though the situation compels lower real wages. Workers, as a result, will feel cheated and deprived, as time goes on.

Secondly, the bias has persuaded the Administration to change our economic system. By arresting the free play of price the United States has in effect surrendered to the enemy before engaging in battle. For it is the free, decentralized economic system which has achieved the miracle of modern production. By giving up this system the United States will gradually relinquish its one great advantage over the Soviet Union. Our manpower is less, our natural resources no greater. It is only the much greater productivity of our flexible economic procedures which enables us to challenge the fanatical discipline of the regressive totalitarians.

[1] London: John Murray. pps. 23 and 60.